# GOVERNMENT OF INDIA
# DEFENCE
# LOK SABHA

UNSTARRED QUESTION NO:2299
ANSWERED ON:06.05.2016
Offset Obligations for Defence Contracts
De(Nag) Dr. (Smt.) Ratna;Kumar Shri Kaushalendra;Paswan Shri Kamlesh

**Will the Minister of DEFENCE be pleased to state:**

(a) the details of offset obligations for the Original Equipment Manufacturers (OEMs) in respect of all defence contracts signed by the Government since introduction of the offset policy along with the details of defence contracts currently under finalization;

(b) the details of offset credits fulfilled against the total obligations in respect of each of defence contracts signed since inception of said policy;

(c) whether any extension was granted to OEMs for their offset obligations;

(d) if so, the details thereof along with the penalty, if any, charged for delay in discharging offset obligations; and

(e) the total offset obligations anticipated for the period 2017-2026 along with the list of Indian companies likely to be benefited from these contracts and the value of work executed by each of the Indian company?

## Answer

MINISTER OF STATE (RAO INDERJIT SINGH)
IN THE MINISTRY OF DEFENCE

(a) Since introduction of offset guidelines, 29 offset contracts (19-Indian Air Force, 7-Indian Navy and 3-Indian Army) have been signed. The total offset obligations work out to BUSD 6.13 approx. (contracts with different denominations converted to USD) and are to be discharged by 2022. Details of offset obligations for contracts under finalization shall only be known once the contracts are signed.

(b) The offset obligations to be discharged by 31st December 2015 in respect of defence contracts signed so far amounts to BUSD 2.23 approx. Against which the vendors have reported discharge claims worth BUSD 1.78 approx. (subject to audit) through their quarterly reports.

(c) Offset contracts are co-terminus with the main contract and are extended if main contracts are extended.

(d)
(i) Low Level Transportable Radar (LLTR) : Since main contract extended.
(ii)

Fleet Tanker : To facilitate implementation of outstanding offset obligations. Penalty of Euro 2.07 million was recovered.
(iii) HAROP-UAV : To facilitate implementation of outstanding offset obligations. Penalty of 80,500 USD was recovered.

(e) The offset obligations arising out of contracts under finalisation and Indian companies likely to be benefited shall only be known once the contracts are signed and implemented in totality.

********